

**OBSERVATIONS**  
by  
**Mr. SANFORD FLEMING**  
on the  
**GENERAL LAND POLICY**  
of the  
**HUDSON'S BAY COMPANY**

CONFIDENTIAL

# OBSERVATIONS

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ON THE

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THE HUDSON'S BAY COMPANY.

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At a Meeting of the Governor and Committee, on the 31st October, 1882, a communication dated 2nd October, from the Company's Land Commissioner, Winnipeg, was read. A discussion followed. At the request of the Board, Mr. Sandford Fleming, recently from Canada, submitted his views and the following

EXPLANATIONS.

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I wish at the outset to correct an error which the Land Commissioner has fallen into, in stating in his report just read that my views are, "not to sell any lands within five miles of the railway, and only to sell any lands by auction once a month."

This statement renders it necessary: *First*, that I should explain to the Governor and Committee some of the circumstances which led to the suspension of sales of land lying within a limit of five miles of the railway line. *Second*, that I should take this, the earliest opportunity afforded me, of explaining to the Board what my views are.

*First*.—During the early part of last summer reports were rife in Canada, not in all respects favourable to the management of the Land Department, and scarcely in complete harmony with the straightforward and honorable character which has distinguished the Hudson's Bay Company and its Officers generally. I paid but little attention to these reports and detailed them to no one. Only in one letter to the Deputy-Governor did I remotely allude to them.

When in Manitoba last August, I heard frequent complaints that the general public had not the same opportunity of buying lands as a favoured few, and it was stated that a limited number of persons had actually secured all the valuable lands along the railway for a distance of about 150 miles, indeed as far as the route of the railway was then surveyed and definitely known; that these persons for a comparatively small sum paid down, had been permitted to purchase every lot likely to become immediately valuable by the construction of the railway and the establishment of stations. It was further stated that directly after these lands passed out of the control of the Hudson's Bay Company, they were valued at an enormous increase.

I thought it possible that these statements were circulated by persons unfriendly to the Land Commissioner, and that if they had any foundation in fact, they were in all probability greatly exaggerated. Be that as it may, I deemed it a prudent course to suggest that there should be no further sales of lands contiguous to the line of railway,

until the Committee had an opportunity of learning all the facts, and considering the whole question of land sales. I felt that, if perchance any mistakes had been made, or if under the system mistakes were possible, it would become the duty of the Governor and Committee to profit by the discovery, and lay down better rules to be followed in the future. This suggestion was made to the Secretary, then in Winnipeg, whom I found had learned from other sources all the statements I have alluded to. The Secretary cordially concurred in the suggestion to suspend for a short time the sale of lands along the line of railway. Accordingly on the 14th August a letter to that effect was addressed by him to the Land Commissioner.

Soon after this I left Winnipeg to meet the Deputy-Governor in Quebec, who concurred in the course taken, and further suggested that as the matter was of very great importance, it would be considered by the Committee at an early meeting. Until then any important offers to purchase lands within the prescribed limits of five miles should be forwarded by cable to the Committee to deal with them.

The result of the interview with the Deputy-Governor on this subject was duly telegraphed by me to Winnipeg.

*Second.*—My views on the Land Policy may briefly be stated. I am of opinion that the Hudson's Bay Company should sell its lands as speedily as they can be sold at fair rates.

It is clearly in the interest of the Company to sell its property on the best terms that can be secured, with as little delay as possible.

It seems to me that the Governor and Committee, being responsible to the proprietors for the proper management of the Company's affairs, should take all fair and honourable

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means to secure the best terms for the land, and should adopt the course best calculated to give general satisfaction.

It cannot be said that the course heretofore followed in selling the lands, has given general satisfaction in Canada, and I have grave fears that it is not calculated to give satisfaction *ultimately* in England.

The lands have heretofore been disposed of by private sale. Fortunately they have brought good prices, and the proprietors for the moment are satisfied. It does not follow, however, that the lands have brought the highest prices obtainable, and I am very decidedly of opinion that a course should be followed which would leave no doubt in the minds of any one on this point. It is obviously in the interest of the Officer in charge of the sales that he should be directed to carry out a policy which will not expose him to charges of favoritism, or unjust suspicions, or baseless accusations of any sort. It is clearly in the interest of the Company that the property should be sold on correct business principles, and that a course should generally be followed which is perfectly defensible, and which, if need be, may easily be defended at any future time.

I do not propose to inquire into past transactions. I am perfectly willing to assume that the best has been done under the circumstances. I acknowledge very heartily that the sales of land in Winnipeg have surprised me. The prices obtained in that quarter have greatly exceeded my expectation, and the expectation of the most sanguine. I am quite prepared to accord full credit to the Land Commissioner for all that he has done there and elsewhere, and, at the same time, to overlook mistakes which I may think he has committed. While I admit all this I must, with equal frankness, say to my colleagues on the Board, that if any mistakes have been made by our Officer in

charge of the Land Department both he and we are bound to profit in the future by the experience gained.

The Company has a very large estate to dispose of, and it is the duty of the Committee to see that it is parted with on the most advantageous terms, and on principles which cannot be gainsaid.

Considering the magnitude of the property a correct land policy is a matter of very great importance, and no hasty decision should be arrived at with regard to it. I would advise full consideration. I would recommend due consultation with the Company's Land Commissioner. Fortunately, there is ample time. The season for settlers taking up lands is over for the present year, and four or five months must elapse before the season will again return. During the interval the Land Commissioner may be corresponded with, or if thought advisable, he may be sent for, in order the better to ascertain his views and obtain his assistance in a matter of so much importance as the maturing of the Company's land policy.

I have myself given the subject some consideration, and it strikes me that in order to obtain the best price for the land, it should, like other descriptions of property, be sold by public competition; that certainly the price should be established by public competition.

It is not right in my judgment to leave everything to the discretion of one man, the more especially under the circumstances where the man is situated at such a distance from the seat of control. Moreover, it does not seem fair to any Officer of the Company to throw upon him the whole burden of the responsibility. I ask, is it reasonable or right to direct him to sell by private sale, at any price he chooses, a vast property scattered over half a continent and valued at many millions?



The question is of more importance than at first sight may appear. The property has obtained a value mainly through the construction of the Canadian Pacific Railway. All or nearly all the good land directly along the railway appears to be to the east of Regina. This land has been sold largely to speculators who expect to make enormous profits out of it. The remainder of the land along the line of railway, according to the Report of the Land Commissioner (28th September) for a distance of some 300 miles is comparatively valueless. According to the papers now before the Committee "the cream of the business" is over, and practically we are now left to deal with a large quantity of "skim milk." This is not my own view, I am sanguine enough to think that there is still a little cream left, but we cannot flatter ourselves that the great extent of barren land seen by the Land Commissioner in his recent journey to the westward, and the great bulk of the Company's land at a long distance from the railway, possesses the same value as the choice lots which have been parted with. The Land Commissioner in his last report says: "Prices must fall, not rise."

It is the more important, therefore, that the large area of good, bad, and indifferent land, which we still hold, should be carefully administered. That the six or six-and-a-half million of acres in our hands, should be sold on a system which cannot fail to bring its full value. A few shillings an acre, one way or the other, would make an aggregate difference of a million or two to the Shareholders.

In view of these considerations, I submit the suggestions which follow, as an outline of the principles, which, in my

opinion, should be embodied in the Company's regulations for the sale of land—

1. That, except as hereinafter definitely set forth, no lands shall hereafter be sold by private sale by the Land Commissioner, unless on the authority of a resolution of the Governor and Committee specially obtained.
2. That before any private sales are made by the Land Commissioner, the land shall first be offered to public competition.
3. That for this purpose, periodical public sales be held at the Land Office in Winnipeg, at times to be fixed to suit the convenience of the public. Possibly once a month in winter, and once a week, or more frequently during the season when lands are in greatest demand.
4. That it shall be the duty of the Land Commissioner to place an upset price on the lands according to their supposed value, precisely in the manner which he now values them for private sale.
5. That at the public sales the lands shall be sold to the highest bidder over the upset price, or at the upset price if there be no higher bidder.
6. That notice of public sales, and all information respecting the lands to be sold shall be duly published.
7. That between the public sales, single lots may at the discretion of the Land Commissioner be sold to settlers by private sale at prices of lots of equal ~~character and~~ <sup>situation</sup> situated, as established by public competition.

8. That can be taken not to precipitate the sale of lands along the lines of projected railways, or lands which through any other cause are likely in a short period to become of special value.

These, gentlemen, are my views; I respectfully submit them to my colleagues on the Board for consideration. I feel assured that the Land Commissioner, when he comes to understand them, will view the matter in a very different light to that expressed in his communication of the 2nd October. I cannot doubt that he will cordially welcome the adoption of a policy which is perfectly sound in principle, and which will completely protect him from baseless charges, such as those which the Deputy Governor was called upon to investigate when in Winnipeg, and which under the present system he would be continually exposed to. I feel perfectly satisfied that Mr. Brydges will recognise the advantages of the plan proposed. I am convinced that once adopted it will work well; and few men have in a higher degree than this Officer the business energy and administrative talent necessary to carry it out successfully.

Should the general land policy outlined be favorably entertained, I shall venture to ask you to reconsider a resolution on the minute book respecting the purchase of lands by Officers, Clerks, and others in the employment of the Company. I shall submit reasons which, I think, will satisfy the Board that the prohibition is felt to be a grievance by many of the oldest and most worthy Officers in the Service. I understand there are men a long distance from the country now being opened up for settlement, who wish to invest their savings in farm lands, possibly for their children or for themselves to occupy when they retire from the Service. These men cannot obtain Government land which

is sold on stringent conditions of settlement, and they are prevented by the minute referred to from securing land from the Company in a legitimate way.

I am informed that the minute was intended to apply mainly to those engaged in connection with the Land Department. Under the present system such a rule may be considered necessary if it could be put in force. The Land Commissioner, I believe, thinks it will be evaded. I am satisfied it will be practically inoperative and will completely fail in its objects. The rule will have a demoralizing effect, as those who want to buy land will be tempted to acquire it in an underhand manner. Far better, in my judgment, that all should be allowed to purchase openly and above board. Under the new system recommended, I see no object in preventing any person from purchasing a moderate quantity of land if he has the means to pay for it. With full information published to the world an Officer of the Company, even an Officer in the Land Department, would be in no better position than the general public, and I know of no reason why he should be placed in a worse position than those outside the Company's service. I am disposed to have faith in the wise law laid down many years ago—"Thou shalt not muzzle the ox when he treadeth out the corn."